

Sugar & Gur Domestic & International Fundamentals**Price Outlook:**

Sugar prices are remain under steady to weakzone due to lackluster trading activities. Domestic prices are following global market trend. We expect weak sentiments further in coming days. Prices of sugar, however, are likely to rise later this month on the back of renewed demand and due to a cut in production estimate for 2018-19 (Oct-Sep) by the Indian Sugar Mills Association.

On the other hand, USDA expect higher sugar production estimates which may curb sugar prices rise in future. In view of traders, India is likely to produce less sugar than its earlier forecast due to poor sugarcane yields because of drought and infestations. The market was also underpinned by forecasts that the global market may move into Sugar mills having distilleries with ethanol production capacity which divert B-heavy molasses to produce ethanol and thereby sacrifice sugar, shall be eligible to sell additional quantity of sugar in addition to the quantity of white/refined sugar prescribed for domestic sale.

Recent Update:

As per Reuter sources, the UP government may rise the sugarcane price by about ~10 a quintal for the current crushing season and most of the bank placed sugarcane in the negative list due to uncertainties around sugarcane-sugar pricing and demand-supply mismatch. In the previous season, SAP (state-advised price) prices was placed higher by ~10 a quintal from ~305 a quintal to ~315 a quintal for the common variety of sugarcane. On the other hand, farmers expect and demand the cane price to be hiked to almost ~400 a quintal due to increase in costs of farm inputs, including diesel, labour and fertilizer.

More than 20 % fall in acreages can happen in Karnataka for 2019/20 due to deficient rains and pest attack, around 5-10 % of area had been affected by white grub and 5 percent of area had been uprooted in the state , the average yield expected around 65-70 tonnes per ha compared to 80-90 tonnes in previous year.

Australia's trade minister has downplayed strains in the India-Australia relationship after last week escalating the dispute over sugar subsidies paid by India by formally referring it to the World Trade Organization (WTO).

Karnataka Chief Minister HD Kumaraswamy had convened a meeting of sugar mill owners today in Belagavi and Bagalkot districts to see how farmers' demands can be met. Farmers are demanding that mills pay them the price they promised during the last cane season. Some mills have held back a part of the promised payment citing a drop in sugar prices. Nine mills in Belagavi and eight mills in Bagalkot district have said they can't pay more than the fair and remunerative price (FRP).

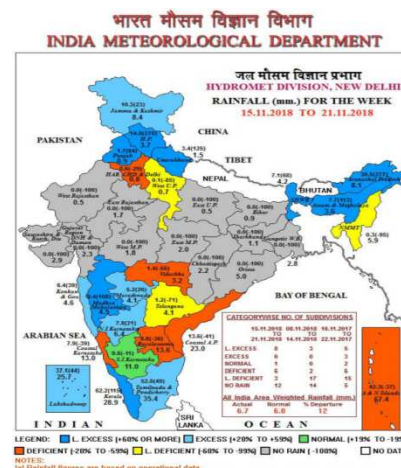
In the recent Forecast Of USDA, Global sugar production is likely to decline by 9 million tonnes to 185.9 Million tonnes in 2018/19 due to major crop deduction estimates in Brazil where yield is expected to low and sugarcane will be used more for ethanol production. Total output of Brazil is placed down by 8.3 million tonnes to 30.1 million tonnes. While, Indian production may increase by 1.8 million tonnes to a record 35.9 million as a greater share of land is dedicated to cultivating sugar.

According to National Federation of Cooperative Sugar Factories, Indian sugar mills have produced 10.80 lakh tonne sugar till November 13 as against 19 lakh tonnes they had produced during same period of previous year. The country is expected to produce 324 lakh tonnes of sugar during 2018-19. Sugar mills from Maharashtra have produced 5.60 lakh tonnes of sugar, while Karnataka and Uttar Pradesh have produced 2.30 lakh tonnes and 1.20 lakh tonnes respectively.

Sugar mills in Brazil's North/Northeast (NNE) region produced 981,103 tonnes of sugar in the 2018/19 crush as of November 1, up 28.1% from 765,989 at the same time a year ago, AgMin data showed.

Weather Update:

15 to 21st November 2018, Heavy to very heavy rainfall with extremely heavy falls had been reported at isolated places over Kerala; Heavy to very heavy rainfall at isolated places had been reported over Tamilnadu & Puducherry and heavy rainfall at isolated places had been reported over Coastal Andhra Pradesh, Telangana and South Interior Karnataka on one day each during the week.



Weather Forecast:-

- Dry weather likely over the rest of the country.
- Isolated to scattered rainfall likely over Andaman & Nicobar Islands and south peninsular India on 3rd December and scattered to fairly widespread rainfall over these regions on 4th December..
- Maharashtra, which has declared drought in 42% of its area, is in the throes of a groundwater crisis.
- Experts have rung warning bells about the possible impacts of the brewing El Niño.

Previous Updates:

In the country's biggest sugar-producing region — Uttar Pradesh, the state government is likely to do a marginal increase for the state advised price (SAP) on sugarcane. Last year, the state government had increased prices by 3.3% to Rs 315 a quintal. The state is expecting a 12% increase in cane production this year at 213.1 million tons and a similar increase in sugar production at 12.5-13 million tons. As 51 mills out of the 121 in the state already started cane crushing, officials in the department said the government was likely to announce the SAP for sugarcane in the coming days. The hike can be similar to the previous year of Rs 10 a quintal, said an official at the ministry. The industry said it's facing deficit on its cash flows due to cane pricing and depressed sugar prices. Any further increase will impact them. Current wholesale prices of sugar in the state were ruling at Rs 31.5 a kg while the mills said that they need a minimum price of Rs 34-35 per kg to be profitable.

India's sugar exports have come to a standstill after a sharp fall in prices in the last two weeks. Raw sugar prices in the benchmark Chicago Mercantile Exchange (CME) for near-month delivery declined by 4 per cent on Monday, trading at cents 12.80 /lb. The decline translates into Rs 1,000 a tonne of fall in Indian denominations which makes a big difference in exporters' realization. Following reports of

exports becoming unviable, refined sugar (M30) has declined by 2.5 per cent to trade on Monday at Rs 33,100 a tonne in Vashi wholesale market in Maharashtra.

Saddled with surplus stock, sugar mills in India the world's second largest producer, have contracted to export about 8 lakh tonnes of the sweetener so far to countries like Middle East and Sri Lanka, a government official said. Out of the total contracted quantity, raw sugar comprises 6 lakh tonnes and the rest 2 lakh tonnes is white sugar, the official added. Industries are negotiating with various countries to boost export of sugar. China has agreed to buy and talks are on with Indonesia as well. To liquidate surplus stock, the government has asked domestic sugar mills to mandatory export 5 million tonnes in the 2018-19 marketing year (October-September) and is even compensating expenses towards internal transport, freight, handling and other charges.

The crisis in the cane belt of Kolhapur over the first installment payment amount came to an end on Saturday, after sugar millers and farmers' representatives held discussions and agreed on a solution. Millers have agreed to pay the FRP as the first installment payment, while they will consider the extra Rs 200, as demanded by farmers' bodies, after December. Earlier this week, angry farmers allegedly torched the divisional agricultural offices of the Rajarambapu Cooperative Sugar Mill and the VasantdadaPatil Cooperative Sugar Mill. The harvesting and transportation of cane was also disrupted at various places.

The U.S. Department of Agriculture, in its Nov. 8 World Agricultural Supply and Demand Estimates report, lowered from October its forecast for 2018-19 U.S. beet sugar and total sugar production, but also lowered forecasts for domestic sugar use. For the current year (2018-19), beet sugar production was lowered 262,000 short tons, raw value, to 4,974,000 tons, down 5% from the October forecast and down 5.8% from record high production in 2017-18 of 5,279,000 tons. Cane sugar production was forecast at 4,041,000 tons this year, up 15,000 tons from October and up 27,000 tons from 2017-18. Imports were left unchanged from October, resulting in total supply forecast at 13,809,000 tons, down 268,000 tons from October due to lower production and lower beginning stocks, forecast at 1,993,000 tons.

Total deliveries in 2018-19 were forecast at 12,320,000 tons, down 85,000 tons from October, with deliveries for food at 12,175,000 tons, down 75,000 tons, or 0.6%, from October but up 1.1% from 12,048,000 tons in 2017-18, which was lowered by 52,000 tons from October. The ending stocks-to-use ratio for 2018-19 was forecast at 11.3%, down from 12.7% projected in October and compared with 16% in 2017-18. The U.S.D.A. is expected to increase allowed imports from Mexico in the December WASDE as outlined in agreements between the two countries, which requires a minimum 13.5% ending stocks-to-use ratio.

Sugar stocks rallied up to 8 per cent after reports that India in 2019 will resume exporting raw sugar to China, as it eyes overseas markets to clear surplus stocks that have muted prices and created financial distress in mills. Triveni Engineering rallied 7.74 per cent, followed by Dalmia Bharat Sugar (up 5.22 per cent), Ugar Sugar (up 5 per cent) and Dhampur Sugar (up 4.90 per cent).

NCDEX Sugar (M grade) Future Quotes (At 05:00 p.m. as on 28-11-2018)

Contract	+/-	Open	High	Low	Close	Volume	O.I
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Cont. (Nov)	-	3014	3024	3014	3014	-	-
Spread	Cont Nov (C1)						
Spot	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

Note: There is no trade volume in near month future contract. Market participants are advised to wait until trade in volume starts.

International Sugar Futures ICE			(Rs/Qtl)			
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		27-Nov-18	20-Nov-18	27-Oct-18	27-Nov-17	27-Nov-18
Oct-18	-8.96	2041	2067	2273	2242	70.90
Mar-19	-12.12	1960	1991	2220	2230	
May-19	-10.92	1979	2011	2240	2221	

(Source: Reuters) * Today – figures are a day ago Quotes.

International Sugar Futures LIFFE			(Rs/Qtl)			
Futures month	% Change over previous year	Today	Week ago	Month Ago	Year Ago	RBI Dollar
		27-Nov-18	20-Nov-18	27-Oct-18	27-Nov-17	27-Nov-18
Oct-18	-6.24	2450	2485	2750	2613	70.90
Dec-18	-5.17	2517	2555	2677	2654	
Mar-19	-6.64	2384	2411	2677	2554	

(Source: Reuters)* Today – figures are a day ago Quotes.

Commodity	Change
Thai Sugar FOB 45 Icumsa	336.30 -2.70

Spot Prices of Sugar at NCDEX Delivery Centers:					
Centre	% Change over previous year	Today	Week ago	Month Ago	Year Ago
		28-Nov-18	21-Nov-18	28-Oct-18	28-Nov-17
Sugar S Grade					
Erode	-	NA	NA	NA	3895

Kolhapur	-14.40	2900	2939	3027	3388
Kolkata	-	NA	NA	NA	NA
Vashi	-	NA	NA	NA	NA
Sugar M Grade					
Delhi	-11.99	3120	3145	3255	3545
Erode	-	NA	NA	NA	3945
Kanpur	-13.36	3190	3209	3422	3682
Kolhapur	-13.42	2999	3029	3110	3464
Kolkata	-11.52	3286	3343	3476	3714
Muzaffar Nagar	-13.46	3099	3100	3286	3581
*NA: Not Available					

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			28-Nov-18	27-Nov-18	
Delhi	Delhi	M-Grade	2907	2926	-19
	Delhi	S-Grade	2887	2906	-19
Uttar Pradesh	Khatauli	M-Grade	3150	3165	-15
	Ramala	M-Grade	NA	NA	-
	Dhampur	M-Grade Ex-Mill	3020	3020	Unch
	Dhampur	S-Grade Ex-Mill	3000	3000	Unch
	Dhampur	L-Grade Ex-Mill	3070	3070	Unch
Maharashtra	Mumbai	M-Grade	Closed	Closed	-
	Mumbai	S-Grade	Closed	Closed	-
	Nagpur	M-Grade	3050	3050	Unch
	Nagpur	S-Grade	3025	3025	Unch
	Kolhapur	M-Grade	2925	2925	Unch
	Kolhapur	S-Grade	2900	2900	Unch
Assam	Guhawati	S-Grade	3207	3207	Unch
Meghalaya	Shillong	S-Grade	3220	3220	Unch
Andhra Pradesh	Vijayawada	M-Grade	3520	3520	Unch
	Vijayawada	S-Grade	3460	3460	Unch
West Bengal	Kolkata	M-Grade	3500	3500	Unch
Tamil Nadu	Chennai	S-Grade	3050	3050	Unch
	Dindigul	M-Grade	3400	3450	-50
	Coimbatore	M-Grade	3580	3580	Unch

Chattisgarh	Ambikapur	M-Grade (Without Duty)	3600	3600	Unch
Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)					

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			28-Nov-18	27-Nov-18	
Uttar Pradesh	Muzaffarnagar	Chaku Sukha(Cold)	NA	NA	-
	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	8000	6000	2000
	Muzaffarnagar	Khurpa (Fresh)	2400	2388	13
	Muzaffarnagar	Laddoo (Fresh)	2600	2588	13
	Muzaffarnagar	Rascut (Fresh)	2063	2063	Unch
	Hapur	Chaurasa	2138	2125	13
	Hapur	Balti	2163	2175	-13
Andhra Pradesh	Chittur	Gold	3800	3900	-100
		White	3800	3800	Unch
		Black	3400	3400	Unch
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4250	4250	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	2855	-
	Gulbarga/Kalaburgi	Other (Average)	3700	3650	50
	Mahalingapura	Penti (Average)	NA	3031	-
	Mandya	Achhu (Medium)	3000	3000	Unch
	Mandya	Kurikatu (Medium)	2850	2850	Unch
	Mandya	Other (Medium)	2800	2750	50
	Mandya	Yellow (Medium)	3000	3000	Unch
	Shimoga/Shivamogga	Achhu (Average)	NA	3250	-

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